

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**SENATE DRS15051-LE-86C (2/8)**

Short Title: Small School System Supplemental Funding. (Public)

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Sponsors: Senator Snow.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE ADDITIONAL FUNDS FOR SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.
- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of at least one million one hundred ten thousand four hundred forty-four dollars (\$1,110,444) excluding textbooks for the 2007-2008 fiscal year and a

1 base of one million one hundred ten thousand four hundred forty-four  
2 dollars (\$1,110,444) for the 2008-2009 fiscal year.

3 (6) Allot vocational education funds for grade 6 as well as for grades 7-12.  
4 If funds appropriated for each fiscal year for small school system supplemental funding  
5 are not adequate to fully fund the program, the State Board of Education shall reduce  
6 the amount allocated to each county school administrative unit on a pro rata basis. This  
7 formula is solely a basis for distribution of supplemental funding for certain county  
8 school administrative units and is not intended to reflect any measure of the adequacy of  
9 the educational program or funding for public schools. The formula is also not intended  
10 to reflect any commitment by the General Assembly to appropriate any additional  
11 supplemental funds for such county administrative units.

12 **SECTION 1.(b)** Nonsupplant Requirement. – A county in which a local  
13 school administrative unit receives funds under this section shall use the funds to  
14 supplement local current expense funds and shall not supplant local current expense  
15 funds. For the 2007-2009 fiscal biennium, the State Board of Education shall not  
16 allocate funds under this section to a county found to have used these funds to supplant  
17 local per student current expense funds. The State Board of Education shall make a  
18 finding that a county has used these funds to supplant local current expense funds in the  
19 prior year, or the year for which the most recent data are available, if:

- 20 (1) The current expense appropriation per student of the county for the  
21 current year is less than ninety-five percent (95%) of the average of the  
22 local current expense appropriations per student for the three prior  
23 fiscal years; and  
24 (2) The county cannot show: (i) that it has remedied the deficiency in  
25 funding or (ii) that extraordinary circumstances caused the county to  
26 supplant local current expense funds with funds allocated under this  
27 section.

28 The State Board of Education shall adopt rules to implement this section.

29 **SECTION 1.(c)** Phase-Out Provisions. – If a local school administrative unit  
30 becomes ineligible for funding under this formula because of (i) an increase in the  
31 population of the county in which the local school administrative unit is located or (ii)  
32 an increase in the county-adjusted property tax base per student of the county in which  
33 the local school administrative unit is located, funding for that unit shall be continued  
34 for seven years after the unit becomes ineligible.

35 **SECTION 1.(d)** Definitions. – As used in this section:

- 36 (1) "Average daily membership" means within two percent (2%) of the  
37 average daily membership as defined in the North Carolina Public  
38 Schools Allotment Policy Manual adopted by the State Board of  
39 Education.  
40 (2) "County-adjusted property tax base per student" means the total  
41 assessed property valuation for each county, adjusted using a weighted  
42 average of the three most recent annual sales assessment ratio studies,  
43 divided by the total number of students in average daily membership  
44 who reside within the county.

- 1 (2a) "Local current expense funds" means the most recent county current  
2 expense appropriations to public schools, as reported by local boards  
3 of education in the audit report filed with the Secretary of the Local  
4 Government Commission pursuant to G.S. 115C-447.
- 5 (3) "Sales assessment ratio studies" means sales assessment ratio studies  
6 performed by the Department of Revenue under G.S. 105-289(h).
- 7 (4) "State-adjusted property tax base per student" means the sum of all  
8 county-adjusted property tax bases divided by the total number of  
9 students in average daily membership who reside within the State.
- 10 (4a) "Supplant" means to decrease local per student current expense  
11 appropriations from one fiscal year to the next fiscal year.
- 12 (5) "Weighted average of the three most recent annual sales assessment  
13 ratio studies" means the weighted average of the three most recent  
14 annual sales assessment ratio studies in the most recent years for which  
15 county current expense appropriations and adjusted property tax  
16 valuations are available. If real property in a county has been revalued  
17 one year prior to the most recent sales assessment ratio study, a  
18 weighted average of the two most recent sales assessment ratios shall  
19 be used. If property has been revalued during the year of the most  
20 recent sales assessment ratio study, the sales assessment ratio for the  
21 year of revaluation shall be used.

22 **SECTION 1.(e)** Reports. – The State Board of Education shall report to the  
23 Joint Legislative Education Oversight Committee prior to May 1 of each fiscal year if it  
24 determines that counties have supplanted funds.

25 **SECTION 1.(f)** Use of Funds. – Local boards of education are encouraged  
26 to use at least twenty percent (20%) of the funds they receive pursuant to this section to  
27 improve the academic performance of children who are performing at Level I or II on  
28 either reading or mathematics end-of-grade tests in grades 3-8 and children who are  
29 performing at Level I or II on the writing tests in grades 4 and 7. Local boards of  
30 education shall report to the State Board of Education on an annual basis on funds used  
31 for this purpose, and the State Board shall report this information to the Joint  
32 Legislative Education Oversight Committee. These reports shall specify how these  
33 funds were targeted and used to implement specific improvement strategies of each  
34 local school administrative unit and its schools such as teacher recruitment, closing the  
35 achievement gap, improving student accountability, addressing the needs of at-risk  
36 students, and establishing and maintaining safe schools.

37 **SECTION 2.** There is appropriated from the General Fund to the  
38 Department of Public Instruction the sum of ten million dollars (\$10,000,000) for the  
39 2007-2008 fiscal year and the sum of ten million dollars (\$10,000,000) for the  
40 2008-2009 fiscal year to provide additional funds for small school system supplemental  
41 funding.

42 **SECTION 3.** This act becomes effective July 1, 2007.